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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
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Division of Oil, Gas and Mining
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Minerals Inspection Report

Reviewed LAH

Report Date: **October 30, 2013**

Mine Name: Castle Peak	Permit Number: S/013/0011	Mine Status:	Active
Operator Name: Lance-Conn LLC	Inspection Date: October 18, 2013	Permit Fees:	Paid
Inspector(s): Paul Baker	Inspection Time: About 1:00 to 2:30 PM	Bond Amount:	$12,000
Attendee(s):	Weather: Mostly cloudy, 50s	Bond Escalation:	11/01/2014
Inspection Purpose: Routine inspection		Prior Inspection:	None recorded

Conclusions and Recommendations

There is some debris at the mill site that needs to be cleaned up. The operator should attempt to establish vegetation in disturbed areas that will no longer be used for mining. The ponds should not be used for processing until the liners are properly in place.

It is not clear what chemicals are in the ponds, barrels or tanks. Please update the plan to reflect what is actually at the site. The operator needs to determine whether a permit from the Division of Water Quality is required.

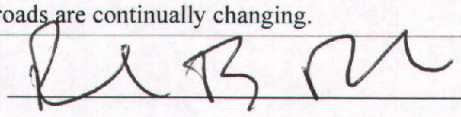
The reclamation surety bond needs to include equipment left on site. The surety is inadequate based on the equipment at the mill site. Either remove equipment not needed or submit additional bond. Reclamation surety is due for escalation on 11/01/2014.

	Elements of Inspection	Evaluated & Commented	Enforcement
1.	*Permits, Revisions, Transfer, Bonds*	☒	☐
	I do not know whether the operator has a permit or permit by rule from the groundwater section of the Division of Water Quality, but based on the chemicals to be used as discussed in item 10 below, I believe it likely some permitting would be required.		
2.	*Public Safety (shafts, adits, trash, signs, highwalls)*	☐	☐
3.	*Protection of Drainages/Erosion Control*	☐	☐
4.	*Deleterious Material*	☐	☐
5.	*Roads (maintenance, surfacing, dust control, safety)*	☐	☐
6.	*Reclamation*	☐	☐
7.	*Backfilling/Grading (trenches, pits, roads, highwalls, shafts)*	☒	☐
	I was not certain whether I found the correct locations of drill sites 4 and 5. I did not see clear signs of disturbance in the areas where these were supposed to be, but there had also been a lot of road construction in the area for oil and/or gas wells which might have obliterated any disturbance made as part of this operation.		
8.	*Soils*	☐	☐
9.	*Revegetation*	☒	☐
	I believe I found the locations for disturbances I through V. The areas had been disturbed, but the topography in the disturbed areas was comparable to surrounding areas. There was some halogeton, Russian thistle, and cheatgrass in the disturbed area, but I do not believe there was any desirable vegetation.		
10.	*Other*	☒	☐

On February 24, 2012, the Division received a document with some details of the process planned for extracting minerals. The "intended leachates" include acetic acid, sodium carbonate and bicarbonate, ammonium hydroxide, sodium hydroxide, and sulfuric acid. I did not see containers labeled with these chemicals, but none of the containers were labeled.

I visited the mill area; drill holes 4 and 5; and disturbances I, II, III, IV, and V in T. 8 S., R. 16 E., Section 36. The mill site had what appeared to be a small portable crusher, a small screen, a camper trailer (unlocked), two tanker trucks (probably for water), a belly dump trailer, two ponds, a large tank, and several barrels and buckets. The barrels and buckets appeared to be empty or to be partly filled with sand (ore?). The liner in one of the ponds appeared to be intact, but the liner in the other pond did not go to the edge of the pond.

According to my odometer, it is 10.0 miles from the turnoff from US 40 to the mill site. It is 8.9 miles from US 40 to the turnoff to the sites in Section 36. It is then 1.7 miles west to the area of disturbances I through V. There is a lot of oil and/or gas drilling activity in the area, so the roads are continually changing.

Inspector's Signature: 

CC: Russ Conn, operator
Jerry Mansfield, SITLA (jmansfield@utah.gov)
Dan Hall, DWQ (dhall@utah.gov)

File: /nrwogmfs1/OGM/GROUPS/MINERALS/WP/M013-Duchesne/S0130011-CastlePeak/Inspection/ins-10092013.pdf

Some of the facilities at the mill site.

Barrels partially filled with sand. The sand may be ore.

Another view of facilities at the mill site.

Disturbance in Section 36 (see text).

One of the two ponds.

The second of two ponds. Note that the liner on the far side does not extend above the water level.

Another overview of the facilities.